

Friedmann

EXHIBIT H

From: kunal@eslinvest.com
Sent: Friday, November 2, 2018 7:56 PM
To: Prakash, Rajat
Cc: mmeghji@miiipartners.com; Eddie; rob.riecker; Naren.Sinha@searshc.com;
Robert.Phelan@searshc.com; William.Linnane@searshc.com;
Thomas.Koreis@searshc.com; bgriffith@miiipartners.com; cgood@miiipartners.com;
Nicholas Weber; jfrantz@miiipartners.com
Subject: Re: Prelim Daily Cash Forecast 11.1.2018

I suspect there is a way to get to that 59...we should definitely figure that out.

> On Nov 2, 2018, at 8:45 PM, Prakash, Rajat <Rajat.Prakash@searshc.com> wrote:

>

> Example, Cash in an oklahoma store was picked up by armored car and deposited in the local bank.

>

> That cash has not yet reached company's concentration account for us to be able to use it.

>

>> On Nov 2, 2018, at 7:42 PM, Kunal Kamani <kunal@eslinvest.com> wrote:

>>

>> What is the cash in regional banks for?

>>

>> On Nov 2, 2018, at 8:33 PM, Prakash, Rajat <Rajat.Prakash@searshc.commailto:Rajat.Prakash@searshc.com>> wrote:

>>

>> Kunal,

>>

>> Please see the specific components of Unavailable Cash followed by some callouts:

>>

>> · Cash in escrow \$281 M

>>

>> · Credit card receivables 60

>>

>> · Cash posted as collateral 5

>>

>> · Invested Cash 12

>>

>> · Cash in regional banks 59

>>

>> · Cash in stores 20

>>

>> · Total Unavailable Cash (11/2) \$437 M

>>

>> Key Callouts:

>>

>> o Total cash on the balance sheet is a GAAP metric and therefore credit card receivables are included here

>>

>> o We can only have exact visibility into this as frequently as company's books close, which is once a month

>>



>> o Fiscal October closed today, and the preliminary balance sheet should be available around Nov 9th, which is when we will have exact balances of all these components as of Nov 2nd

>>

>> o All intra month components (excl. Cash in escrow) are estimates, however Cash posted as Collateral, Invested Cash, and Cash in Stores, generally tend to remain stable at the levels shown above

>>

>> o We will look into freeing up cash in the collateral & investment buckets

>>

>> o Cash in regional banks and stores could potentially be freed up by working with armored cars, banks, etc. but it might require additional expense

>>

>> Thanks,

>>

>> Rajat Prakash

>> Sears Holdings Corporation

>> Treasury

>> 847.286.2288

>>

>> From: Kunal Kamrani [mailto:kunal@eslinvest.com]

>> Sent: Friday, November 02, 2018 4:18 PM

>> To: mmeghji@miiipartners.com<mailto:mmeghji@miiipartners.com>;

>> Prakash, Rajat

>> <Rajat.Prakash@searshc.com<mailto:Rajat.Prakash@searshc.com>>

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>> cgood@miiipartners.com<mailto:cgood@miiipartners.com>;

>> nweber@miiipartners.com<mailto:nweber@miiipartners.com>; Joseph

>> Frantz <jfrantz@miiipartners.com<mailto:jfrantz@miiipartners.com>>

>> Subject: RE: Prelim Daily Cash Forecast 11.1.2018

>>

>> The question I have is with respect to what we are assuming our free cash is today that is baked into the Liquidity forecast. As of yesterday we had:

>>

>> Avail Cash 333

>> Unavail 437

>> In the Unavail is Pension Escrow of 280, so that leaves 157 of remaining unavailable.

>>

>> As we close stores some of that 157 will shake loose. There may be components of the 157 that we do have access to. Trying to figure out what the real starting cash number is....its 333 + ??

>>

>> KSK

>>

>> From: Mohsin Meghji

>> <mmeghji@miiipartners.com<mailto:mmeghji@miiipartners.com>>

>> Sent: Friday, November 2, 2018 4:56 PM

>> To: Prakash, Rajat
>> <Rajat.Prakash@searshc.com<mailto:Rajat.Prakash@searshc.com>>
>> Cc: Kunal Kamrani <kunal@eslinvest.com<mailto:kunal@eslinvest.com>>;
>> Eddie <Eddie@eslinvest.com<mailto:Eddie@eslinvest.com>>; rob.riecker
>> <rob.riecker@searshc.com<mailto:rob.riecker@searshc.com>>;
>> naren.sinha
>> <naren.sinha@searshc.com<mailto:naren.sinha@searshc.com>>; Phelan,
>> Robert <Robert.Phelan@searshc.com<mailto:Robert.Phelan@searshc.com>>;
>> Linnane, William
>> <William.Linnane@searshc.com<mailto:William.Linnane@searshc.com>>;
>> Koreis, Thomas
>> <Thomas.Koreis@searshc.com<mailto:Thomas.Koreis@searshc.com>>; Brian
>> Griffith
>> <bgriffith@miiipartners.com<mailto:bgriffith@miiipartners.com>>;
>> Chris Good <cgood@miiipartners.com<mailto:cgood@miiipartners.com>>;
>> Nicholas Weber
>> <nweber@miiipartners.com<mailto:nweber@miiipartners.com>>; Joseph
>> Frantz <jfrantz@miiipartners.com<mailto:jfrantz@miiipartners.com>>
>> Subject: Re: Prelim Daily Cash Forecast 11.1.2018
>>
>> Brian,
>> Can you and Rajat and Joseph pls get Kunal everything he needs on
>> liquidity scenarios we ran and showed this pm?
>>
>> Critical we have flushed any data discrepancies out before early next
>> week. Thx Mo Meghji M-III Partners, L.P.
>> 130 West 42nd Street, 17th Floor
>> New York, NY 10036
>>
>> 212 716 1492 (o)
>> 516 851 8266 (c)
>>
>> On Nov 2, 2018, at 4:22 PM, Prakash, Rajat <Rajat.Prakash@searshc.com<mailto:Rajat.Prakash@searshc.com>>
wrote:
>> Kunal,
>>
>> Following up on the email exchange this morning.
>>
>> Attached is the Feb 1 Dip Availability reconciliation between 10/31 & 11/1 daily cash forecasts. Merchandise
disbursements forecast in the 11/1 daily cash forecast caught up with the inventory assumptions driving the sales
forecast.
>>
>> Naren & MIII are working on the by-day change in sales going from (15)% to flat comp sales, per your highlighted
request below.
>>
>> Let us know of any questions.
>>
>> Thanks,
>>
>> Rajat Prakash
>> Sears Holdings Corporation
>> Treasury
>> 847.286.2288

>>

>> From: Kunal Kamlani [mailto:kunal@eslinvest.com]
>> Sent: Friday, November 02, 2018 7:15 AM
>> To: Prakash, Rajat
>> <Rajat.Prakash@searshc.com<mailto:Rajat.Prakash@searshc.com>>;
>> eddie@eslinvest.com<mailto:eddie@eslinvest.com>; Riecker, Rob
>> <Rob.Riecker@searshc.com<mailto:Rob.Riecker@searshc.com>>; Sinha,
>> Naren <Naren.Sinha@searshc.com<mailto:Naren.Sinha@searshc.com>>;
>> Phelan, Robert
>> <Robert.Phelan@searshc.com<mailto:Robert.Phelan@searshc.com>>;
>> Linnane, William
>> <William.Linnane@searshc.com<mailto:William.Linnane@searshc.com>>;
>> Koreis, Thomas
>> <Thomas.Koreis@searshc.com<mailto:Thomas.Koreis@searshc.com>>;
>> mmeghji@miiipartners.com<mailto:mmeghji@miiipartners.com>;
>> bgriffith@miiipartners.com<mailto:bgriffith@miiipartners.com>;
>> cgood@miiipartners.com<mailto:cgood@miiipartners.com>
>> Subject: RE: Prelim Daily Cash Forecast 11.1.2018

>>

>> When we cover liquidity during today's board meeting it would be very helpful to understand the change from the 10/31 to the 11/1 report. This is critically important as the board assesses the cash needs for the company in the current environment.

>>

>> - What were the sales assumptions by day (inflows) in the 10/31 report which reflected lower receipts

>> - What are the sales assumptions by day (inflows) in the 11/1 report that now reflect \$150M higher of receipts/disbursements

>> o There is a notation regarding -15% SSS and now we are assuming that to be flat. Would like to see that change by day in dollars.

>> - Please provide a bridge that shows the change in the DIP Availability from -33 to -165 for Feb 1st. Trying to understand the math behind adding \$150M in receipts/disbursements based on a more favorable sales trend assumption and how that leads to less availability. DIP BB only increases by \$1M and BS Inventory only increases by \$18M comparing Feb 1 b/w the two reports. Assume that means that we procure the inventory and sell through it fairly quickly which should be liquidity positive but the report suggests otherwise.

>> - Please confirm that the "142 unannounced store closures" in the commentary is a typo and should be "142 previously announced store closures".

>>

>> Thank You.

>>

>> From: Prakash, Rajat
>> <Rajat.Prakash@searshc.com<mailto:Rajat.Prakash@searshc.com>>
>> Sent: Thursday, November 1, 2018 11:06 PM
>> To: Eddie <Eddie@eslinvest.com<mailto:Eddie@eslinvest.com>>; Riecker,
>> Rob <Rob.Riecker@searshc.com<mailto:Rob.Riecker@searshc.com>>; Sinha,
>> Naren <Naren.Sinha@searshc.com<mailto:Naren.Sinha@searshc.com>>;
>> Phelan, Robert
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>> Linnane, William
>> <William.Linnane@searshc.com<mailto:William.Linnane@searshc.com>>;
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>> cgood@miiipartners.com<mailto:cgood@miiipartners.com>;
>> nweber@miiipartners.com<mailto:nweber@miiipartners.com>; Joseph
>> Frantz <jfrantz@miiipartners.com<mailto:jfrantz@miiipartners.com>>;
>> miiipartners.com<https://na01.safelinks.protection.outlook.com/?url=h
>> ttp%3A%2F%2Fmiiipartners.com&data=02%7C01%7CRajat.Prakash%40sears
>> hc.com%7Cc03ba6c38f1143c2826508d641252d83%7C27e4c16803234463acad7e124
>> b566726%7C0%7C0%7C636768025291473438&sdata=BwZ8yzxRZQU83b%2FKDvlt
>> VdeXubFsSDm8JqCOO5g9Ri4%3D&reserved=0>,sima
>> <wsima@miiipartners.com<mailto:wsima@miiipartners.com>>; Daniel Allan
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>> Cc: Wells, Paris
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>> Aziz <Aziz.Khan@searshc.com<mailto:Aziz.Khan@searshc.com>>; Liu, Lu
>> <Lu.Liu@searshc.com<mailto:Lu.Liu@searshc.com>>; Prakash, Rajat
>> <Rajat.Prakash@searshc.com<mailto:Rajat.Prakash@searshc.com>>
>> Subject: Prelim Daily Cash Forecast 11.1.2018
>>
>> All,
>>
>> Attached is the preliminary daily cash forecast.
>>
>> Key Callouts:
>>
>> * We are now tracking variances to budget on a daily, weekly, and monthly basis
>> * Attached incorporates \$(150) M higher merchandise disbursements in Q4 compared to yesterday's cash forecast
>>
>> * This is primarily driven by aligning with the flat comp store sales assumption to be consistent with the sales
forecast. Until yesterday, merchandise disbursements were based on a (15)% comp store sales assumptions per the DIP
budget
>> * Additionally, the merchandise disbursements here assumes no inventory replenishment for 142 unannounced
store closures
>> * While the DIP revolver is capped at \$188 M, DIP revolver balance reflects total cash need
>>
>> * The total AP Balance beginning 11-1-2018 is:
>>
>> * Merch: 29.2
>> * Non-merch: 11.4
>>
>> Key Assumptions:
>>
>> * Available cash is used to pay down the revolver Nov 15th onward after the second order approval
>> * Forecast assumes interest payments on prepetition ABL debt, FILO, and UBS loan
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>> =====

>> I. October

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>> Total Cash

>>

>> Prepetition 1L Debt

>>

>> DIP Term Loan

>>

>> DIP Revolver

>>

>> Net Debt

>>

>> As of: October 31, 2018

>>

>> 749

>>

>> 1,530

>>

>> 112

>>

>> 0

>>

>> 893

>>

>>

>>

>> Change to Month End Estimate

>>

>> +21

>>

>> 0

>>

>> 0

>>

>> 0

>>

>> -21

>>

>> As of: November 1, 2018

>>

>> 770

>>

>> 1,530

>>

>> 112

>>

>> 0

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>> 872

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>> Daily Variances (and treatment through rest of month):

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>> Today


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>> Timing
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>> Forecast
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>> Permanent
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>>
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>>
>>
>> Prior Day Available Cash Estimate
>>
>> +317
>>
>>
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>>
>>
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>>
>>
>>
>>
>>
>>
>>
>>
>>
>>
>>
>> Cash Inflows
>>
>> +1
>>
>> -1
>>
>> -1
>>
>> -1
>>
>> Merch/Non-Merch Disbursements
>>
>> +21
>>
>> -21
>>
>> +20
>>
>> +20
>>
```

>> Logistics
>>
>> +.3
>>
>> -.3
>>
>> 0
>>
>> 0
>>
>> Western Union
>>
>> 0
>>
>> 0
>>
>> +1
>>
>> +1
>>
>> Logistics
>>
>> 0
>>
>> 0
>>
>> +3
>>
>> +3
>>
>> Lands' End
>>
>> +3
>>
>> -3
>>
>> -1
>>
>> -1
>>
>> Cardinal Rebate
>>
>> 0
>>
>> 0
>>
>> -2
>>
>> -2
>>
>> Sales taxes/State taxes
>>
>> -1

>>
>> +1
>>
>> -1
>>
>> -1
>>
>> Payroll/ Taxes/ Benefits
>>
>> -.2
>>
>> +.2
>>
>> +2
>>
>> +2
>>
>> Total Operating
>>
>> +25
>>
>> -25
>>
>> +21
>>
>> +21
>>
>>
>>
>>
>>
>>
>>
>>
>>
>>
>> Misc Cash
>>
>> 0
>>
>> 0
>>
>> 0
>>
>> 0
>>
>> 0
>>
>> Revolver
>>
>> 0
>>
>> 0
>>
>> 0
>>

[illegible]

>>

>> Available Cash Balance

>>

>> 342

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>> Operating Comments:

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>> - Today's cash inflows +1.2 to forecast

>>

>> - Merch/Non Merch Disbursements +21.4 treated as timing

>>

>> - Logistics +0.3 treated as timing

>>

>> - Payroll/ Taxes/ Benefits -0.2 treated as timing

>>

>> - Lands' End +3.4 treated as timing

>>

>> - Sales taxes/State taxes -1 treated as timing

>>

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>> Financing Comments:

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>> - Commercial Paper flat to forecast

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>> - Revolver flat to forecast

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>> II. November

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>> Total Cash

>>
>> Prepetition 1L Debt
>>
>> DIP Term Loan
>>
>> DIP Revolver
>>
>> Net Debt
>>
>>
>>
>> As of: October 31, 2018
>>
>> 476
>>
>> 991
>>
>> 112
>>
>> 0
>>
>> 626
>>
>>
>>
>> Change to November's Month End Estimate
>>
>> 0
>>
>> +32
>>
>> 0
>>
>> +7
>>
>> +39
>>
>>
>>
>> As of: November 1, 2018
>>
>> 476
>>
>> 1,023
>>
>> 112
>>
>> 7
>>
>> 666
>>
>>
>>

>>
>> Daily Variances (and treatment through rest of month):
>>
>>
>>
>> Permanent
>>
>>
>> October Operating Changes
>>
>> +21
>>
>> November Operating Changes
>>
>> -60
>>
>> Total Operating
>>
>> -39
>>
>>
>> October Financing Changes
>>
>> 0
>>
>>
>>
>> November Financing Changes
>>
>> +7
>>
>>
>>
>>
>> Total Financing
>>
>> +7
>>
>>
>>
>>
>>
>> Total Cash Flow Changes Thru November Month End
>>
>> -32
>>
>>
>>
>> Rajat Prakash
>> Sears Holdings Corporation
>> Treasury
>> 847.286.2288
>>

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>>

>> <DIP Availability Recon.xlsx>

>>

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